

MEMORANDUM

TO: Taunton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 3, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule is effective in FY15 (since the FY15 amount under the prior schedule was maintained) and is acceptable under Chapter 32.

As you know, although we approved the System's last two schedules, we did not endorse the 2010 schedule and had concerns about the 2012 schedule (see our October 8, 2010, November 1, 2010, and November 14, 2012 memorandums). Our past concerns were primarily the permanent reduction in the plan's funding level despite an increase in the COLA base. We recommended that over time, the System should increase its appropriation to be more consistent with the 2008 schedule.

For this updated schedule, we would have preferred a schedule be adopted in which the FY16 amount is greater than that of the prior schedule, especially since the Board recently adopted an increase in the COLA base effective in 2015. This would have allowed for a schedule that amortizes the unfunded actuarial liability prior to FY30. Our goal in preparing an updated funding schedule is to maintain the budgeted amounts from the prior schedule.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.



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Appropriation Forecast

| Fiscal | | Employer | Amortization | Employer | Employer | | |
|--------|---------------|--------------|---------------|---------------|---------------|--------------|-----------|
| Year | | Employee | Normal Cost | Payments | Total Cost | Total Cost | Funded |
| Ending | Payroll* | Contribution | with Interest | with Interest | with Interest | % of Payroll | Ratio %** |
| 2015 | \$55,498,644 | \$4,815,844 | \$3,551,032 | \$11,202,124 | \$14,753,156 | 26.6 | 65.8 |
| 2016 | \$57,996,083 | \$5,085,409 | \$3,654,308 | \$11,289,598 | \$14,943,906 | 25.8 | 67.6 |
| 2017 | \$60,605,907 | \$5,369,482 | \$3,759,688 | \$11,605,377 | \$15,365,065 | 25.4 | 69.5 |
| 2018 | \$63,333,173 | \$5,668,824 | \$3,867,153 | \$12,127,619 | \$15,994,772 | 25.3 | 71.5 |
| 2019 | \$66,183,165 | \$5,984,233 | \$3,976,676 | \$12,673,362 | \$16,650,038 | 25.2 | 73.4 |
| 2020 | \$69,161,408 | \$6,316,550 | \$4,088,225 | \$13,243,663 | \$17,331,888 | 25.1 | 75.4 |
| 2021 | \$72,273,671 | \$6,666,658 | \$4,201,761 | \$13,839,628 | \$18,041,389 | 25.0 | 77.4 |
| 2022 | \$75,525,986 | \$7,035,484 | \$4,317,236 | \$14,325,456 | \$18,642,692 | 24.7 | 79.5 |
| 2023 | \$78,924,656 | \$7,424,004 | \$4,434,595 | \$14,970,101 | \$19,404,696 | 24.6 | 81.6 |
| 2024 | \$82,476,265 | \$7,833,245 | \$4,553,775 | \$15,643,756 | \$20,197,531 | 24.5 | 83.8 |
| 2025 | \$86,187,697 | \$8,264,283 | \$4,674,700 | \$16,347,725 | \$21,022,425 | 24.4 | 86.0 |
| 2026 | \$90,066,143 | \$8,718,253 | \$4,797,288 | \$17,083,373 | \$21,880,661 | 24.3 | 88.2 |
| 2027 | \$94,119,120 | \$9,196,345 | \$4,921,442 | \$17,612,407 | \$22,533,849 | 23.9 | 90.5 |
| 2028 | \$98,354,480 | \$9,699,810 | \$5,047,055 | \$18,404,966 | \$23,452,021 | 23.8 | 92.8 |
| 2029 | \$102,780,432 | \$10,229,965 | \$5,174,008 | \$19,233,189 | \$24,407,197 | 23.7 | 95.2 |
| 2030 | \$107,405,551 | \$10,788,192 | \$5,302,166 | \$20,098,683 | \$25,400,849 | 23.6 | 97.6 |
| 2031 | \$112,238,801 | \$11,375,943 | \$5,431,381 | \$0 | \$5,431,381 | 4.8 | 100.0 |
| 2032 | \$117,289,547 | \$11,994,746 | \$5,561,489 | \$0 | \$5,561,489 | 4.7 | 100.0 |
| 2033 | \$122,567,577 | \$12,646,205 | \$5,692,307 | \$0 | \$5,692,307 | 4.6 | 100.0 |
| 2034 | \$128,083,118 | \$13,332,006 | \$5,823,637 | \$0 | \$5,823,637 | 4.5 | 100.0 |
| 2035 | \$133,846,858 | \$14,053,920 | \$5,955,261 | \$0 | \$5,955,261 | 4.4 | 100.0 |
| 2036 | \$139,869,967 | \$14,686,347 | \$6,223,247 | \$0 | \$6,223,247 | 4.4 | 100.0 |
| 2037 | \$146,164,115 | \$15,347,232 | \$6,503,293 | \$0 | \$6,503,293 | 4.4 | 100.0 |
| 2038 | \$152,741,500 | \$16,037,858 | \$6,795,942 | \$0 | \$6,795,942 | 4.4 | 100.0 |
| 2039 | \$159,614,868 | \$16,759,561 | \$7,101,759 | \$0 | \$7,101,759 | 4.4 | 100.0 |
| 2040 | \$166,797,537 | \$17,513,741 | \$7,421,338 | \$0 | \$7,421,338 | 4.4 | 100.0 |
| 2041 | \$174,303,426 | \$18,301,860 | \$7,755,298 | \$0 | \$7,755,298 | 4.4 | 100.0 |
| 2042 | \$182,147,080 | \$19,125,443 | \$8,104,287 | \$0 | \$8,104,287 | 4.4 | 100.0 |
| 2043 | \$190,343,699 | \$19,986,088 | \$8,468,980 | \$0 | \$8,468,980 | 4.4 | 100.0 |
| 2044 | \$198,909,165 | \$20,885,462 | \$8,850,084 | \$0 | \$8,850,084 | 4.4 | 100.0 |
| 2045 | \$207,860,078 | \$21,825,308 | \$9,248,338 | \$0 | \$9,248,338 | 4.4 | 100.0 |
| 2046 | \$217,213,781 | \$22,807,447 | \$9,664,513 | \$0 | \$9,664,513 | 4.4 | 100.0 |

* Calendar basis

** Beginning of Fiscal Year